



## 2023 November Market Wrap

## Friday 1 December 2023

Equity & Bond markets in November had an AC/DC moment "Back in Black".....Cause Yes, I'm back...Well, I'm back in black.

This is all based on the view that rates have peaked, and inflation is easing, equities rallied globally with the ASX 200 up 5% in November, with similar increases in the US, Japan Europe, and India.

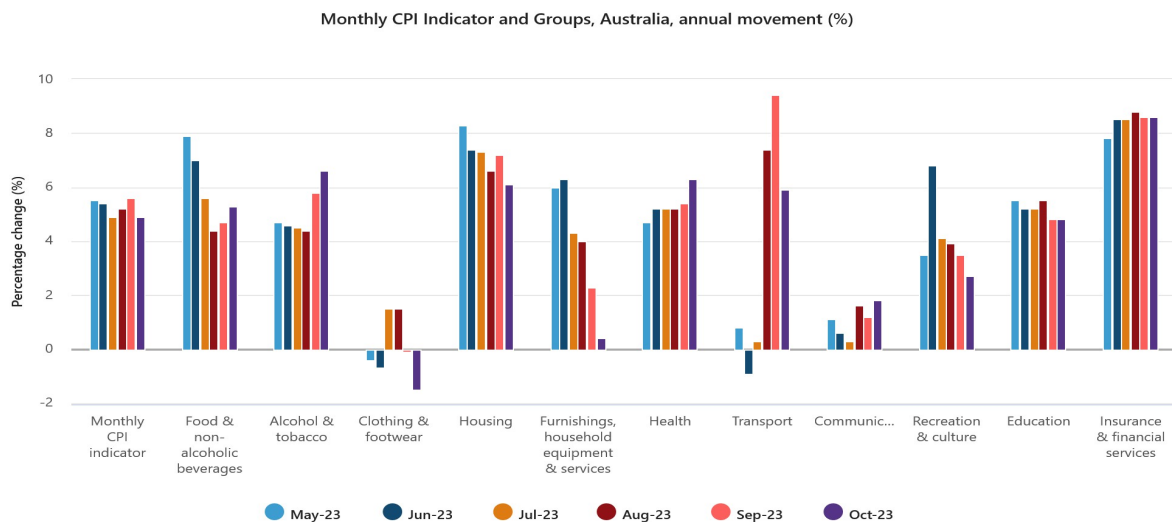
The Aussie dollar had another great month pushing into the middle of the range close around 0.66. The reduced interest rate differential between US and AUD rates providing support. Higher AUD will support the fight against inflation.

US 10-year Bond yields moved lower across having hit 5% late October then rallying to close at 4.33% based on the assumption the Fed is done increasing rates. It appears that global bonds rates have peak this being a key pivot point for markets, as the cost of funding moves lower.

The monthly CPI indicator rose 4.9% in the 12 months to October, down from a rise of 5.6% in September.

The annual movement for the monthly CPI indicator excluding volatile items and holiday travel rose 5.1% in October, down from the rise of 5.5% in September. This series excludes Fruit and vegetables, Automotive fuel, and Holiday travel and accommodation.

Annual trimmed mean inflation was 5.3% in October, down slightly from the rise of 5.4% in September.



Source: Australian Bureau of Statistics, Monthly Consumer Price Index Indicator October 2023

The trimmed mean is the RBA's preferred measure of inflation.

So, what does this mean?

- Inflation is entrenched in Australia.



- Australia ranked one for entrenched inflation by "The Economist magazine.
- Expectation over the next 12 month is 5.2%
- This is a problem!
- RBA has a tightening basis.
  - Cannot rule out one more 0.25bpt hike.
- Higher for longer
  - We are 6 to 9 months behind the US cycle.
  - No cuts till 2025
- Australia inflation is more persistent.
- Government policy and action are inflationary.
  - Transition to net zero...higher costs
  - Labour laws if passed.
    - Higher costs, lower productivity
  - Migration 600,000 in 12 months (Canberra population is 472,000)
    - This is driving rental cost and building costs.
  - Infrastructure projects
    - Cost of concrete is up 50%

If you have any questions do not hesitate to contact me.

### Summary of Major share indices

Index	1 Month	52 Weeks	YTD
DJIA	+6.24%	+4.52%	+8.46%
Nasdaq	+7.01%	+23.90%	+35.92%
S&P 500	+5.79%	+12.05%	+18.79%
Russel 2000	+5.53%	-3.86%	+8.64%
Europe 600 Index	+4.09%	+3.97%	+2.06%
UK FTSE 100 Index	+0.10%	-1.39%	+0.03%
Hong Kong Hang Seng	-1.09%	-9.04%	-13.84%
Japan Nikkei 225	+4.71%	+20.43%	+28.20%
China Shanghai Composite	+0.67%	-4.29%	-1.93%
India S&P BSE Sensex	+4.54%	+5.85%	+10.10%
ASX 200 (Australia)	+5.03%	-3.45%	+4.81%

### Australian Dollar

	Close	52-week Range
AUD	0.6616%	0.6170-0.7159%

### Government Bonds

	Close	52-week Range
US 3 Month Bill	5.398%	4.18-7.959%
US 10 Years Note	4.328%	3.261-5.022%
US 30 Years Bond	4.502%	3.405 – 5.183%
Australia 10 years	4.492%	3.160-5.002%

Source: Wall Street Journal.